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Central Intelligence Agency

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Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

21 October 1985

Japan: A Third Term for Nakasone? [redacted]

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Summary

Prime Minister Nakasone's interest in remaining in office past the end of his term in October 1986 has prompted earlier-than-usual maneuvering on the succession issue. Nakasone's would-be successors within the ruling Liberal Democratic Party already are positioning themselves to block a third term and to challenge each other for Japan's prime ministership. For Nakasone to stay on in 1986, he would need to change party rules that limit him to two consecutive two-year terms as party president, and hence prime minister. To do that, Nakasone would have to manage a difficult domestic agenda in the coming year, maintain the unprecedented level of public support his administration enjoys, and build a consensus among ruling party leaders to back an extension of his term. In our view, the odds are against him. [redacted]

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This memorandum was prepared by [redacted] Office of East Asian Analysis. Information available as of 21 October 1985 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Japan Branch, Northeast Asia division, OEA, [redacted]

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[redacted]

Nonetheless, Nakasone's unannounced bid to stay on has complicated the political planning of other LDP contenders. In the short run, it has kept the prime minister from appearing to be a lame duck. In the long run, we believe it could considerably increase his influence in deciding who will follow him as prime minister. On issues affecting the United States, Nakasone and other LDP leaders will be pulled in two directions by domestic political maneuvering--both toward keeping the bilateral relationship on an even keel and toward protecting the special interests of groups whose support they need. [redacted]

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LDP Maneuvering

In October 1986, Prime Minister Nakasone will end his second two-year term as president of the Liberal Democratic Party--a post that because of the LDP's majority in the Diet carries with it the prime ministership. There already is considerable maneuvering within the LDP as each faction attempts to improve the position of its candidate for the job. In recent months, speculation that Prime Minister Nakasone wants to continue as party president--in spite of party rules that limit a party president to two terms--has been widespread and well sourced, making the idea a leading topic of discussion in Japan. [redacted]

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Japanese politicians and the press have hotly debated the issue of a third term:

- A number of senior LDP members and important business leaders have called publicly for extending Nakasone's administration beyond October 1986.
- Nakasone's top rivals for the job--Foreign Minister Abe, Finance Minister Takeshita, and LDP Executive Board Chairman Miyazawa--all publicly oppose such a move. [redacted]

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Nakasone's popularity among the voters has also played a role in the discussions:

- Support for Nakasone in major public opinion polls has been over 50 percent for the past year--highly unusual this far into the term of any prime minister.
- In one recent public opinion poll, over half of the LDP supporters asked were in favor of Nakasone's continuing in office through a revision of party regulations. [redacted]

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[redacted]

The same polls, meanwhile, show little support for Nakasone's potential successors--echoing the sentiment that reportedly exists among some senior Dietmen that the so-called new leaders need further seasoning. [redacted]

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Nakasone has refused to comment on the possibility of extending his term, but [redacted] a spate of press stories inspired by those around him indicate he is interested. [redacted]

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Extending Nakasone's Term: The Procedures

In procedural terms, a change in LDP rules requires a two-thirds majority at a party convention.* Practically, however, the key to a change that would extend Nakasone's term is agreement by the party leadership--its elders and faction bosses. Their decision will probably be the result of a deal hammered out among them and ratified by a special party convention at the 11th hour--probably next October, when Nakasone's term ends. [redacted]

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There are a number of ways Nakasone could remain in office:

- Party rules could be changed to allow a prime minister to serve three terms, which would extend Nakasone's time in office for two years--until October 1988.
- The length of an LDP president's term could be extended to three years, which would give him one additional year in office.
- The LDP presidential election could be delayed for six months to a year ostensibly to allow key pieces of

* LDP rules on presidential terms have been changed twice since 1971, first restricting the president to two three-year terms and later reducing the length of a term to two years. In both cases the changes were the result of interfactional pressures to increase turnover. An attempt to reverse this trend to shorter terms is likely to be opposed by prime-ministerial hopefuls waiting in the wings. [redacted]

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domestic legislation, such as administrative and educational reform, to be passed by the Diet. [REDACTED]

Other scenarios are being aired in the press. One entails splitting the posts of party president and prime minister; another envisions a decision by Nakasone to step down next October followed by his reappearance as prime minister at some future point. Both are probably nonstarters. Splitting the posts between two leaders is a perennial idea. Nakasone rejected it as unworkable in 1980, when he was offered such a deal by former Prime Minister Fukuda. His subsequent return as prime minister also would be difficult because of pressures from others--some within Nakasone's own faction--who aspire to leadership. [REDACTED]

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The Political Setting

In the final analysis, it will be the strength of Nakasone's competition within the LDP, rather than rule changes or his popularity with the man in the street, that determines whether he can stay on. In making their calculations, both Nakasone and his potential successors face considerably more political uncertainty this year than in the past because of the incapacitation of former Prime Minister Tanaka. As the leader of the party's largest faction, the undisputed kingmaker among the conservatives for over 10 years, and heretofore Nakasone's primary backer, Tanaka has been at the center of power since the early 1970s. His stroke last February not only removed him from action but paved the way for major changes in the ruling party's leadership ranks. [REDACTED]

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Most obviously, the leadership logjam created by Tanaka's decadelong feud with former Prime Minister Fukuda appears to have broken. Their ongoing rivalry for control of the party led each man to refuse to step into the background or to relinquish the reins of his faction--for each, his fundamental source of power. Because neither was willing to take a backseat to the other, the standoff blocked a changing of the guard in the LDP as a whole. Recently, however, sources close to the US Embassy in Tokyo have suggested that Fukuda and former Prime Minister Suzuki, a longtime Tanaka ally, finally plan to step down as faction leaders next year. Their moves would set the stage for their heirs--Abe and Miyazawa--to launch campaigns for the party presidency. This, in turn, almost certainly would compel Finance Minister Takeshita, who also wants to succeed Nakasone, to make an overt bid to take control of the Tanaka faction or risk being left out of the race. Each of these successions to factional leadership involves considerable uncertainty--it has not been uncommon for large factions to fracture under such circumstances. [REDACTED]

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How will Nakasone play his cards? On the one hand, an all-

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out competition among several challengers could work to his advantage. As the contenders seek to organize support for a presidential bid, the effort will probably bring them to Nakasone. Whatever Nakasone's ambitions, his role as party president and prime minister makes his endorsement important. In a tight race, Nakasone conceivably could use that influence to play the role of "kingmaker" in return for recognition and subsequent political power as the party elder behind the new prime minister. Alternatively, Nakasone could withhold his blessing, using his leadership position to bargain for an additional year or two in exchange for his promise to pass the baton to his ally--although his need for widespread LDP support to change party rules weakens his leverage somewhat. In either case, the history of previous leadership tussles suggests that he will hold his cards close to his vest until the last moment -- probably sometime late next fall. [REDACTED]

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The US Factor

Along with successfully handling the domestic political scene--both government policies and LDP factional politics--Nakasone must also avoid a major setback in US-Japan relations. A reputation for successful leadership in foreign affairs is fundamental to Nakasone's standing in the party, and any significant new escalation of tensions in bilateral relations would leave the Prime Minister open to attack by his LDP rivals. Nakasone's celebrated "Ron-Yasu" relationship with President Reagan is seen as a significant asset by most Japanese. However, if this relationship becomes viewed as an ineffective buffer against Congressional pressures, the Prime Minister's standing with the electorate and in his own party could suffer. [REDACTED]

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Nakasone faces the difficult task of delivering concessions to Washington without antagonizing the LDP's grassroots supporters, such as agricultural interests. His task is further complicated by resentment toward the United States, both in the LDP and the bureaucracy, caused by a perception that Japan is being used as a scapegoat for largely homegrown US economic problems. At the same time, however, Nakasone, as well as his would-be successors, will be on the lookout for publicity that spotlights their skills in handling the relationship and ensures they look responsible on US issues. [REDACTED]

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Next year's demanding political calendar will probably make it more difficult for Nakasone to be forthcoming in dealing with the United States on politically sensitive issues. Even so, the likelihood that domestic politics will incline Nakasone and other LDP leaders to sidestep pending problems does not portend either future indifference or a tougher Japanese approach to relations with the United States. The strong pro-US attitude within the LDP leadership and the consensus-oriented nature of the Japanese

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system itself tends to moderate change and insulate Japan's policy toward the United States from the effects of LDP factional feuding. [REDACTED]

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Outlook

As the political season heats up, we do not expect Nakasone to make a public effort to extend his term in office. Rather, we believe he will concentrate on dealing successfully with a difficult Diet agenda, while using next May's Tokyo Economic Summit and a hoped-for LDP victory in Diet elections later in the spring to showcase his leadership and retain his popularity. Meanwhile, however, we expect Nakasone to work behind the scenes to strike a deal that would keep him on as LDP president and prime minister. [REDACTED]

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Nakasone faces major hurdles in achieving his goal. Media commentators, as well as his rivals, will play up any legislative problems such as a setback in passing key bills or other gaffes or missteps in debate, and lay them at his doorstep. Already, Nakasone has run into trouble in the ongoing extraordinary Diet session over politically volatile legislation reapportioning Diet seats. According to the US Embassy, observers who earlier forecast easy passage have revised their estimates of the bill's chances to "fifty-fifty." Nakasone is apparently facing opposition within the LDP because of a perceived link between the bill and the Prime Minister's power to dissolve the Diet and call national elections next spring--an essential element in Nakasone's bid for a third term. [REDACTED]

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In past political battles, Nakasone's strength has been his political flair and ability to use adroitly his powers as prime minister. This time, however, the competition will put a premium on backroom political horsetrading among the factions, which has not been his strong suit. [REDACTED]

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[REDACTED]

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We believe the issue of a third term for Nakasone will remain the subject of considerable negotiation within the LDP. It is still too early to predict who will be selected party president next fall--with Abe and Takeshita probably the leading contenders at this stage--but Nakasone is certain to play a key role in the outcome. [REDACTED]

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NAKASONE'S POLITICAL CALENDAR

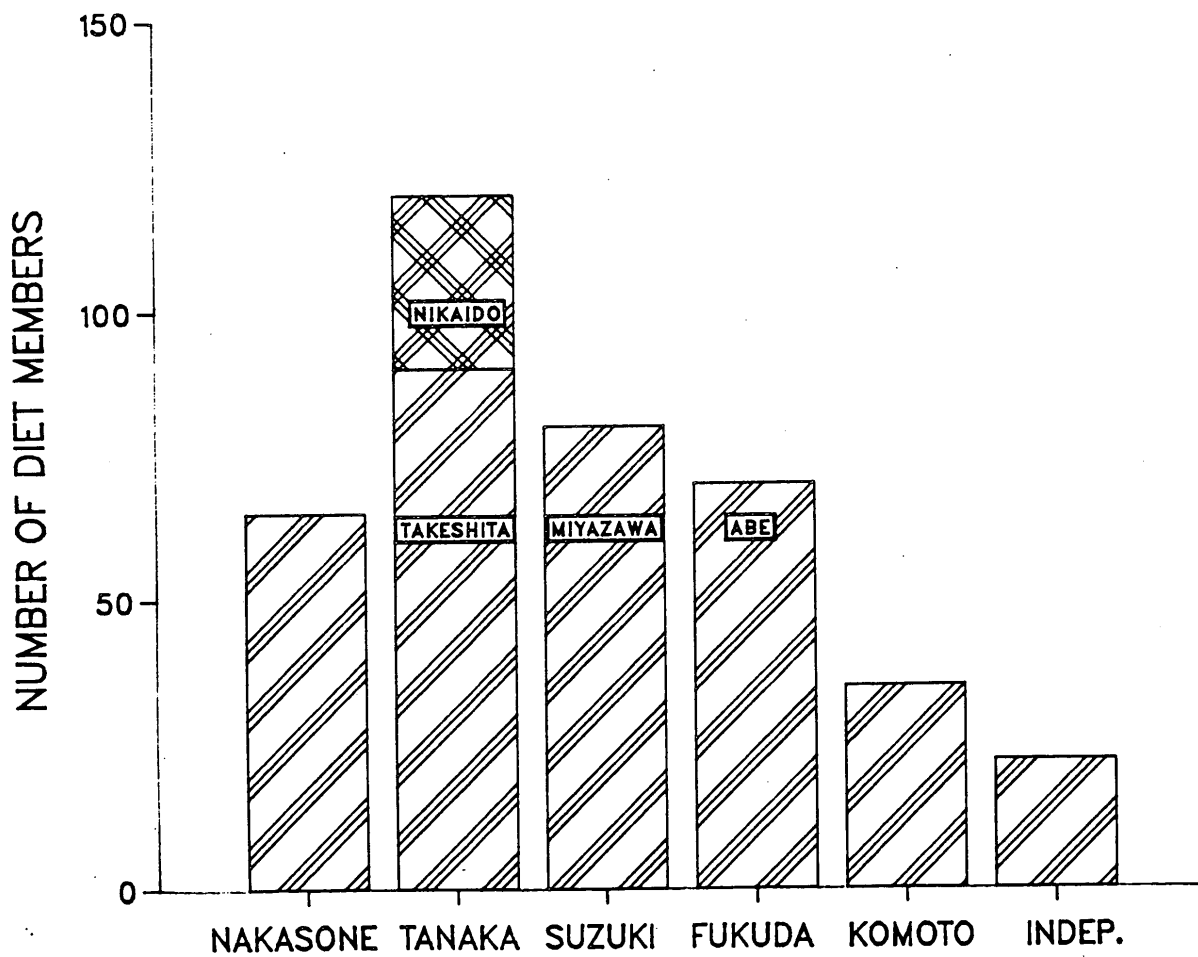
YEAR	MONTH	AGENDA
1985	OCTOBER	<p>Extraordinary Diet Session - (14 Oct. - 14 Dec.) Must cope with tough political issues, such as Diet seat reallocation plan and pension reform bill...will face strong opposition party criticism on new defense spending plan and 1 percent of GNP limit on defense spending...may add measures to increase domestic demand to supplemental budget.</p> <p>US Trip - (19 - 25 Oct.) UN General Assembly Speech and Meeting With President Reagan Should improve Nakasone's domestic popularity by reemphasizing his status as an international statesman...probably hoping to use personal diplomacy to help ease trade tensions with the United States.</p>
	DECEMBER	<p>Cabinet Shuffle and Change in Key LDP Posts - (late Dec. or late Jan.) Makeup of new Cabinet and new LDP leadership--the factional balance and who gets key posts--will be a sign of backstage political maneuverings and relative strength and strategies of various LDP presidential hopefuls...major reshuffle unlikely in Cabinet or top party posts as Nakasone tries to present image of stability...Foreign Minister Abe and Finance Minister Takeshita may switch posts to strengthen credentials as top contenders to succeed Nakasone.</p> <p>Regular Diet Session - (late Dec. - late May 1986) Nakasone faces difficult Diet agenda--including budget negotiations, administrative reform, education reform, tax reform, and restructuring of national railroads.</p>
1986	MAY	<p>Tokyo Economic Summit - (4 - 6 May) Opportunity for Nakasone to shine in national spotlight while hosting summit...danger of criticism of Japan's trade surpluses and practices by summit partners.</p>
	JUNE	<p>Diet Elections - (Mid-June) Scheduled Upper House Elections, Possibly With Concurrent Lower House Elections Timing is tricky, but LDP has a good chance of increasing seats substantially...would boost Nakasone's prospects for continuing in office beyond his current term.</p>
	OCTOBER	<p>LDP Presidential Election - (31 Oct.) Deals likely to be cut by Party leaders before the special convention begins...Abe, Takeshita, and Miyazawa are top contenders, with Nikaido a darkhorse, interim choice...Nakasone unlikely to work openly for change in party rules, but clearly hopes for a consensus within the party that he should continue as prime minister--if only for another year.</p>

CAST OF PLAYERS IN LDP POWER STRUGGLE

FACTION	GENERATIONAL CONTINUUM		CURRENT POSITION
	OLDER GENERATION	NEW LEADERS	
NAKASONE		NAKASONE	PRIME MINISTER
TANAKA	TANAKA		FORMER PRIME MINISTER
		NIKAIDO	LDP VICE PRESIDENT
		TAKESHITA	FINANCE MINISTER
SUZUKI	SUZUKI		FORMER PRIME MINISTER
		MIYAZAWA	CHAIRMAN LDP EXECUTIVE COUNCIL
FUKUDA	FUKUDA		FORMER PRIME MINISTER
		ABE	FOREIGN MINISTER
KOMOTO	MIKI		FORMER PRIME MINISTER
		KOMOTO	

POSSIBLE CANDIDATES FOR PARTY PRESIDENT

LDP FACTIONAL STRENGTH



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